ColoradoCast

ECONOMIC FORECAST Q4 2025

A STATEWIDE 6-MONTH ECONOMIC FORECAST
FROM THE COLORADO FUTURES CENTER
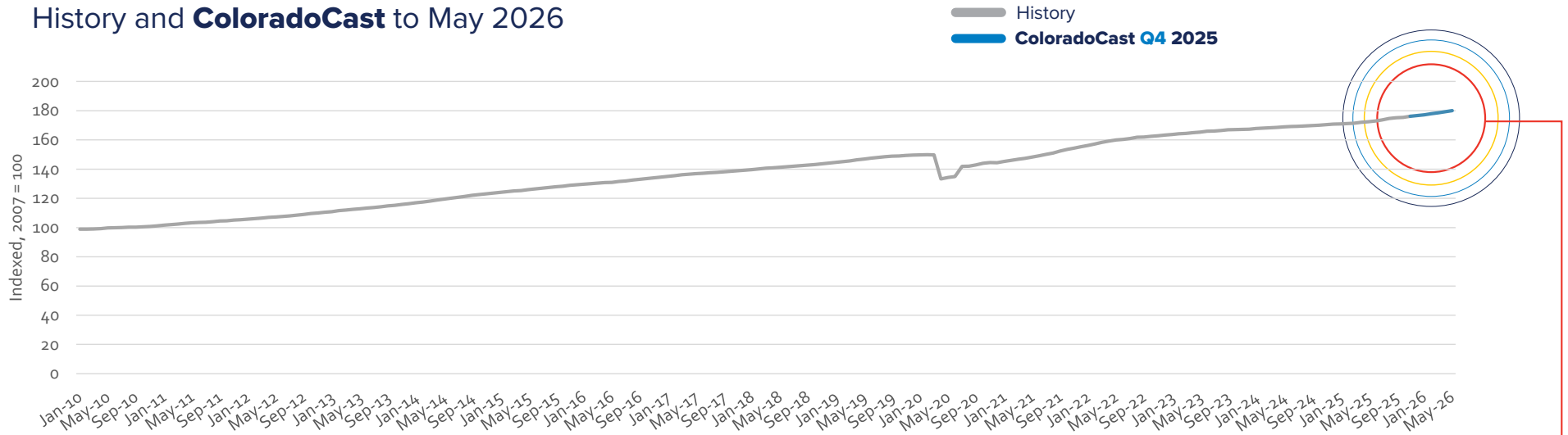
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Colorado Economy
History and **ColoradoCast** to May 2026

History
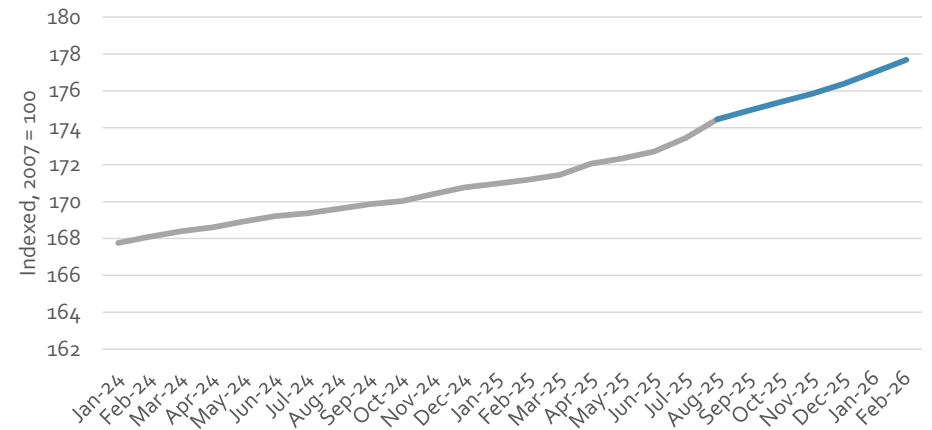**ColoradoCast Q4 2025**

This fourth quarter 2025 ColoradoCast, delayed by the federal shutdown in late 2025, shows the state economy maintaining and even gaining strength through May 2026. This forecast comes in the wake of the Philadelphia Fed concurrent index for November indicating almost 4.5 percent annual GDP growth in Colorado. This is a significant acceleration from the previous month's 2.43 percent.

Consistent with the latest national data, there is a developing disconnect in Colorado where the economy, as measured by GDP, is projected to gain strength even as the trend in employment growth is slowing. While the 2,700 jobs added by Colorado in November, 2025 was slightly above the average growth rate that the state had been experiencing through the first 10 months of 2025, it lagged the average job growth for the longer post pandemic period. Similarly, nationally the most recent GDP report showed an acceleration in growth to 4.3 percent even as employment growth nationally slowed significantly. This ColoradoCast, which is projecting the Colorado economy to grow at rates above 4 percent for the first part of 2026, is consistent with the latest projections for national GDP to accelerate.
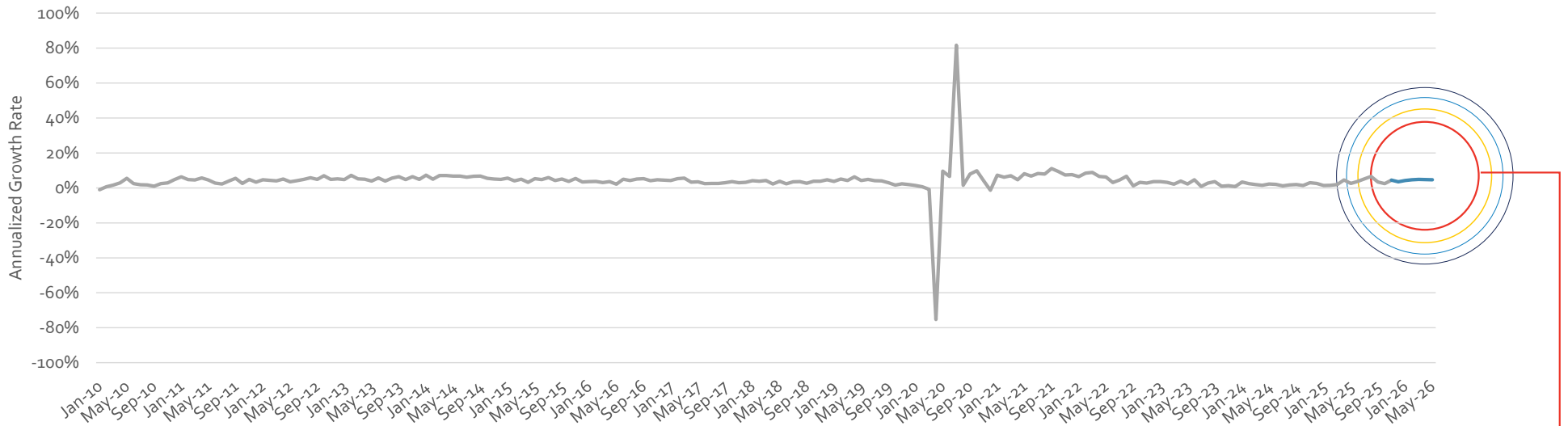
Colorado Economy
Highlighting the Current Year

1

Annualized Growth Rate
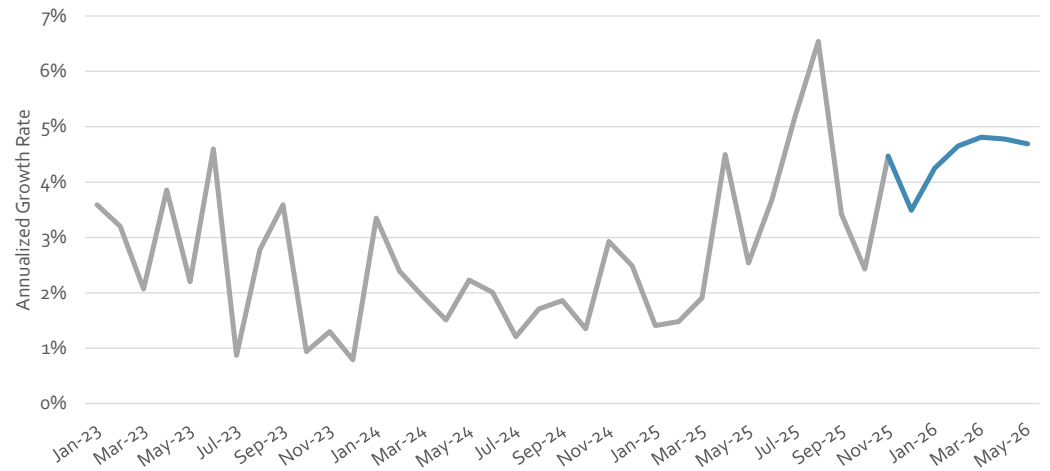## History and **ColoradoCast** to February 2026
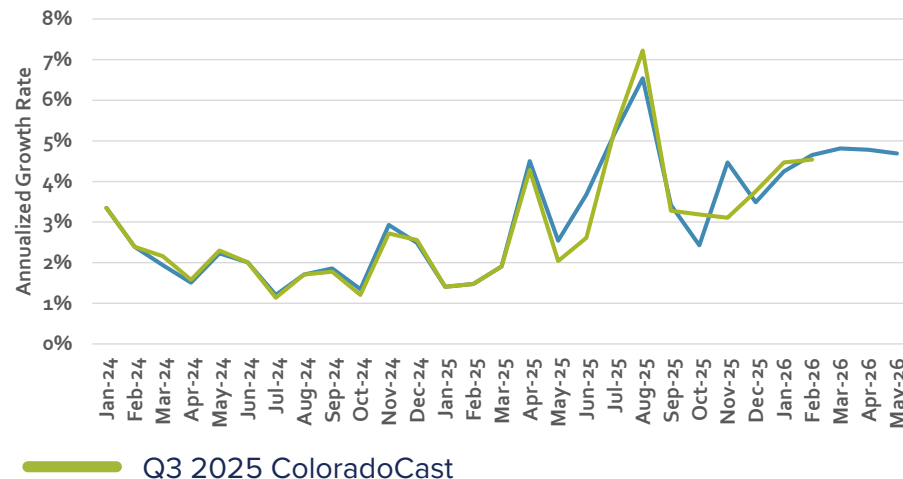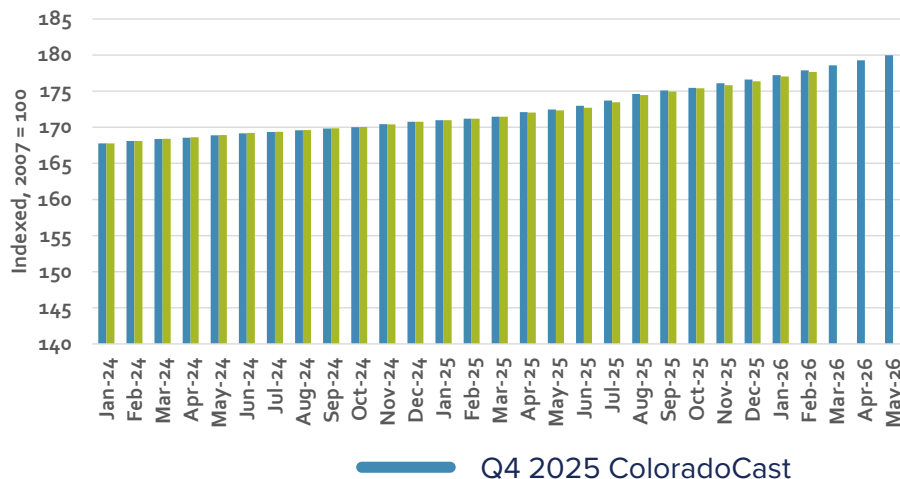
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CONSISTENT WITH THE NATIONAL DATA, THERE IS A DEVELOPING DISCONNECT IN COLORADO. GDP GROWTH IS PROJECTED TO GAIN STRENGTH EVEN AS TREND EMPLOYMENT GROWTH IS SLOWING.

Annualized Growth Rate
Highlighting the Current Year

2

Forecast Comparison: Colorado Economy and Annualized Growth Rate

Q4 2025 ColoradoCast   Q3 2025 ColoradoCast

The strongest drivers of this more optimistic outlook are the bond market indicators, led by the decline in the risk premium to close to its lowest level since the pandemic. This driver, currently reflective of the reduced level of risk investors perceive in the market, has surpassed even equity markets – as measured by the SP500 in the ColoradoCast - as the most significant predictor of economic activity in the model.

As the economic outlook becomes increasingly uncertain, other indicators outside the ColoradoCast can provide additional context. These other indicators vary in what they suggest about future economic performance. Year over year change in landings at DIA turned positive again in the spring of 2025, with October year over year growth at their highest level since the beginning of 2025. And, retail sales continued to show positive, albeit in some months only modest growth. The quits rate, however, fell to among its lowest level in August and again in October 2025 since before the pandemic. Falling quits rates are considered indicators of concern about weak employment opportunities. This decline in the face of other indicators improving is again consistent with the diverging performance of the overall economy and the employment outlook, a dynamic that warrants increased attention as the economic picture unfolds.

Factors Driving the ColoradoCast

The thumbnail graphics show January 2024 through November 2025 pattern of the variables used to model the ColoradoCast.

*House prices include a forecast value for the month of November 2025
**The yield curve inverted in July 2022. As of September 2024 it is no longer inverted.

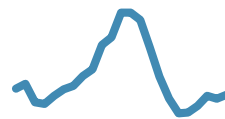**Impact on last month of ColoradoCast**

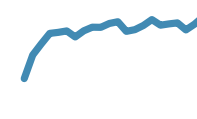⬆ Positive   ➖ Neutral   ⬇ Negative

➖ Home Prices*   ➖ Employment Services   ➖ Initial Claims

⬆ Corporate Risk Spread   ⬆ Yield Spread**   ➖ S & P 500

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The **ColoradoCast** is a short-term (approximately 6 months ahead) economic forecast for the Colorado economy developed by the Colorado Futures Center. It is designed to forecast a well-known contemporaneous measure of statewide economic activity, the Coincident Economic Activity Index for Colorado, developed by the Federal Reserve Bank of Philadelphia. The Coincident Economic Activity Index includes four indicators: non-farm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries. The trend for the index is set to match the trend for gross state product.

The **ColoradoCast** predicts the value and annualized growth rate in the coincident index using six factors whose predicted relationship with economic activity are as follows (relationship in parentheses): the yield curve measured by the spread between two and ten month treasuries (positive), the risk spread between high quality corporate and ten year treasury returns (negative), employment in the employment services sector (positive), housing prices as measured by the Case-Shiller index for Denver (positive), initial claims for unemployment insurance (negative), and the value of the S&P 500 stock index (positive).

The **ColoradoCast** is released quarterly for the months of February, May, August and November.

Thank you to Steven Fisher, PhD for his collaboration on the initial development of the ColoradoCast.

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